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CONFIDENTIAL

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CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT

COUNTRY Paraguay

DATE:

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INFO.

SUBJECT Bank Withdrawals by Paraguayan Government from Bank of Paraguay

DIST.

29

XX July 1947

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ORIGIN

This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to the Archivist of the United States.

PAGES

SUPPLEMENT

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A pamphlet was issued recently in Paraguay which contained an alleged list of various withdrawals from the Bank of Paraguay by the Morinigo Government for the purpose of prosecuting the present civil war. Because of the type of information revealed in the pamphlet, it was implied that someone employed in the bank was responsible for the leak. As a result Finance Minister Natalicio Gonzalez took action that caused many employees to resign and seek refuge in Argentina.

Translation of Pamphlet:

WITHDRAWALS MADE BY GENERAL MORINIGO'S GOVERNMENT FROM THE BANK OF PARAGUAY

800,000 guaranies from the Asuncion Port Concession Corporation, from the special account "Port Taxes". This was credited to the Treasury General of the Nation on Friday, May 10, 1947.

15,000,000 guaranies. This transaction was made secretly by handing over to the Bank for its legalization Series "A" Bonds for this amount.

2,500,000 guaranies. Withdrawn from the Bank in the same manner in exchange for Series "B" Bonds.

6,000,000 guaranies. This transaction was recently announced; the money was exchanged for Bank Bonds in the same manner.

These last three sums of money were first withdrawn by the Government and the Bonds issued subsequently in order to legalize the transactions with the Bank.

Aside from all this, the Treasury General of the Nation was again indebted to the Bank in the amount of 3,500,000 guaranies as of May 11, 1947.

In addition, the funds in special account no. 872, "Leather", for payment of the "London Loan" external debt, were totally transferred to the Treasury General of the Nation.

There were likewise transferred to the Treasury General all the special accounts in the total amount of 1,300,000 guaranies.

And also the reserve for wheat negotiation, in the total amount of 200,000 guaranies.

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